

Message Text

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FM AMEMBASSY HELSINKI

TO SECSTATE WASHDC 9523

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY LONDON

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY STOCKHOLM

AMEMBASSY VIENNA

UNCLAS HELSINKI 0038

FOR LABOR

E.O. 11652: N/A

TAGS: ELAB, FI

SUBJECT: REQUEST FOR INFORMATION ON THE CONSTRUCTION INDUSTRY

REF: 75 STATE 301380

1. FINLAND HAS LONG HAD A GENERAL HOUSING CONSTRUCTION PROGRAM, WITH GOVERNMENT-PROVIDED LOW COST LOANS AS A STIMULANT, BUT THE PROGRAM HAS NOT BEEN USED OR VIEWED PRIMARILY AS AN EMPLOYMENT-CREATING, COUNTER-SEASONAL, OR COUNTER-CYCLICAL TOOL. AS A MATTER OF FACT, OVERHEATING OF THE CONSTRUCTION SECTOR DURING THE PAST FEW YEARS HAS LED TO STEEP RISES IN LABOR AND MATERIALS COSTS AND HAS SIGNIFICANTLY CONTRIBUTED TO FINLAND'S PERSISTANT HIGH RATE

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OF INFLATION. TRAINING PROGRAMS AND A STEADY

GROWTH OF CONCRETE PREFABRICATED ELEMENTS AND STEEL-STRUCTURES HAVE INCREASED EFFICIENCY IN CONSTRUCTION, BUT THESE ARE ONLY IN PART THE RESULT OF ACTUAL GOVERNMENT PLANNING. THERE ARE NO STUDIES CONCERNING EFFICIENCY OR PRODUCTIVITY INCREASES IN FINNISH CONSTRUCTION.

2. HIGHWAY, DAM, AND OTHER PUBLIC CONSTRUCTION -- INCLUDING GOVERNMENT OWNED INDUSTRIAL ENTERPRISES -- HAS BEEN USUAL FINNISH CHOICE TO OFF-SET UNEMPLOYMENT OF A SEASONAL OR REGIONAL NATURE. THE NEW GOVERNMENT THAT CAME INTO OFFICE ON NOVEMBER 30, 1975, IS ENGAGED IN PREPARING A SPECIAL EMPLOYMENT STIMULATING PROGRAM -- WITH ITS OWN SUPPLEMENTARY BUDGET. THIS IS NOT EXPECTED TO BE READY UNTIL MARCH. IN THE MEANTIME THE GOVERNMENT HAS DECIDED TO START RIGHT AWAY IMPLEMENTING EXPENDITURES UNDER THE REGULAR BUDGET FOR INVESTMENT OR WHICH WOULD OTHERWISE STIMULATE EMPLOYMENT. INCLUDED IN THIS WILL BE MANY CONSTRUCTION PROJECTS.

3. IN 1974, A BOOM YEAR FOR CONSTRUCTION IN FINLAND, TOTAL CONSTRUCTION ROSE ABOUT 4 PERCENT OVER 1973. 73,100 DWELLINGS WERE CONSTRUCTED IN 1974 (ABOUT 17 PERCENT MORE THAN IN 1973) AND 35,500 OF THESE RECEIVED LOW COST GOVERNMENT LOANS. FOR 1975 IT IS ESTIMATED THAT TOTAL CONSTRUCTION WILL BE DOWN ABOUT 3 PERCENT, BUT HOUSING CONSTRUCTION DOWN AS MUCH AS 10 PERCENT FOR A TOTAL OF ABOUT 65,000 DWELLINGS, OF WHICH 35,000 WILL HAVE GOVERNMENT LOANS. THE AMOUNTS OF GOVERNMENT LOANS WERE 1973: 980 MILLION FINNMARKS; 1974 1,270 MILLION; 1975: 1,800 MILLION. THE INCREASES ARE PRIMARILY THE RESULT OF INFLATIONARY COST INCREASES, WHICH BETWEEN MARCH 1972 AND SEPTEMBER 1974 AMOUNTED TO 55 PERCENT FOR CONSTRUCTION.

4. THERE ARE ABOUT 200,000 PEOPLE WORKING IN THE CONSTRUCTION INDUSTRY IN FINLAND, OR CLOSE TO 9 PERCENT OF ALL EMPLOYED. ABOUT 135,000 OF THESE ARE ACTIVE IN HOUSING CONSTRUCTION. THE CONSTRUCTION WORKERS ARE VERY WELL ORGANIZED AND CONSTITUTE THE UNCLASSIFIED

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SECOND LARGEST SINGLE UNION IN FINLAND, AND THE LARGEST UNDER COMMUNIST CONTROL. DURING 1974 THERE WERE 6,000 UNEMPLOYED CONSTRUCTION WORKERS, OUT OF A TOTAL UNEMPLOYED OF 40,000. AT THE SAME TIME THERE WERE 3,700 UNFILLED CONSTRUCTION JOBS. IN 1975 TOTAL UNEMPLOYMENT HAS INCREASED TO ABOUT 80,000, OF WHICH OVER 10,000 ARE IN THE CONSTRUCTION SECTOR.

5. LARGE FINNISH CONSTRUCTION PROJECTS IN THE SOVIET UNION HAVE PROVIDED EMPLOYMENT FOR THOUSANDS OF FINNISH WORKERS DURING THE PAST FEW YEARS. THE FUTURE OUTLOOK IN THIS FIELD IS UNCLEAR AT THIS TIME, BUT SOME PROJECTS WILL CONTINUE -- PROVIDING EMPLOYMENT ESPECIALLY FOR WORKERS IN THE LESS DEVELOPED REGIONS IN EASTERN FINLAND.

6. IT IS POSSIBLE THAT CONSTRUCTION WILL MORE AND MORE BE USED AS AN ANTI-CYCLICAL TOOL AND BE MORE CLOSELY ATTUNED TO FLUCTUATIONS IN THE EMPLOYMENT SITUATION. PRESIDENT KEKKONEN IN HIS NEW YEAR SPEECH CALLED FOR STRICTER CONTROLS AND GREATER PLANNING OF RESIDENTIAL HOUSING PRODUCTION, AS WELL AS GREATER EMPHASIS ON IMPROVING THE LIVING ENVIRONMENT.

7. EMBASSY HAS BEEN COLLECTING VARIOUS REPORTS RELATING TO THE REQUEST IN REFTTEL, BUT MOST OF THEM ARE OF PERIPHERAL INTEREST AND IN FINNISH. SOME MATERIAL IS BEING MAILED NOW, WITH MORE TO FOLLOW AS IT, AND SPECIFIC ANSWERS TO SOME OF THE QUESTIONS, ARE WORKED UP BY VARIOUS MINISTRIES OR ORGANIZATIONS. HOUSTON

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